

Mary M. Johnson

Clerk Circuit Court & County Court

Santa Rosa County

MILTON, FLORIDA 32572-0472

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MEMORANDUM

DATE: January 19, 2011

TO: Mary Johnson, Clerk of Court

FROM: Wade Burroughs, Internal Auditor

CC: Navarre Beach Volunteer Fire Department
Hunter Walker, County Administrator
Susan Hoodless, Director of Finance

SUBJECT: Navarre Beach Fire Department Review

The Navarre Beach Volunteer Fire Department was included in the Santa Rosa County Fire Protection Municipal Service Benefit Unit on October 24, 1991 in accordance with County Ordinance 91-27.

This review covers a twelve (12) month time frame beginning October 1, 2009 and ending September 30, 2010.

- The department utilized all funds received from the County pursuant to the budget approved by the County except as noted below.
- The department submitted to the County proof of all expenditures for the 09-10 fiscal year except as noted below. The bank account was reconciled monthly on a timely basis.
- Checks numbered 1001, 4782 – 4815, 1013 – 1015 and 10369 – 10681 were issued during the 09 - 10 fiscal year and have been accounted for in this review. Proof of invoice was provided for all checks except as noted below.
- All County MSBU disbursements were deposited in the Navarre Beach Volunteer Fire Department money market account by Board Support Service. This review revealed the records are properly maintained and expenditures are supported by underlying documentation except as noted below.

This review is strictly to determine the financial compliance of the department with regards to the MSBU funds received from Santa Rosa County, payable to the department. It does not imply or intend to cover or comment upon any other covenants. Work papers are available for further review.

The following exceptions were noted during the review:

1. Check # 4783 dated 10/2/09 to Pak-N-Fax for \$6.95 – No supporting documentation provided.
2. Check #10385 dated 10/6/09 to Direct TV for \$800.00 – Supporting invoice is for \$133.08. Notation on invoice is that is for 6 months. Payments should only be for goods and provided not for goods and services to be provided.
3. Check #10422 dated 11/17/09 to Citgo Petroleum for \$710.94 – Supporting invoice includes \$62.93 in late charges and \$10.04 in interest charges.
4. Check #10430 dated 12/7/09 to Citgo Petroleum for \$764.53 – Supporting invoice includes \$68.09 in late charges and \$12.27 in interest charges.
5. Check #10440 dated 12/19/09 to U. S. Postmaster for \$44.00 – No supporting documentation provided.
6. Check #1001 dated 1/22/10 to Kenny Taylor for \$334.42 – No supporting documentation provided. A copy of the check is not support for that check.
7. Check #10496 dated 2/22/10 to Equip You, LLC for \$136.47 – No supporting documentation provided.
8. Check #4787 dated 3/5/10 to Mike Howard for \$141.88 – Supporting receipt includes \$7.59 in sales tax.
9. Check #10509 dated 3/10/10 to Gary Diamond for \$161.20 – Supporting receipt includes \$11.25 in sales tax.
10. Check #4788 dated 3/25/10 to Mike Howard for \$234.00 – No supporting documentation provided.
11. Check #10537 dated 4/7/10 to Direct TV for \$500.00 – Supporting invoice is for \$36.94. No explanation for difference. Credit is reflected in subsequent invoices. Payment should be for goods and services provided, not for goods and services to be provided.
12. Check #10544 dated 4/19/10 to Citgo Petroleum for \$668.78. Supporting invoice includes \$74.44 in late fees and \$8.47 in interest charges.
13. Check #10560 dated 4/29/10 to Kenneth Rudzki for \$190.04 – Supporting receipt includes \$6.11 in sales tax.
14. Check #10564 dated 5/13/10 to Derek Odell for \$42.98 – Supporting receipt includes \$3.00 in sales tax.

15. Check #10573 dated 5/17/10 to Citgo Petroleum for \$791.12 – Supporting invoice includes \$94.30 in late fees and \$11.56 in interest charges.
16. Check #10576 dated 5/17/10 to Brianna Mann for \$21.49 – Supporting receipt includes \$1.50 in sales tax.
17. Check #10577 dated 5/17/10 to Gary Diamond for \$21.49 – Supporting receipt includes \$1.50 in sales tax.
18. Check #10565 dated 5/21/10 to Allen Acree for \$21.49 – Supporting receipt includes \$1.50 in sales tax.
19. Check #10603 dated 6/7/10 to Joe McIninch for \$250.00 – Supporting documentation is for \$85.00. No explanation for difference.
20. Check #4796 dated 6/11/10 to Mike Howard for \$91.73 - Supporting receipt includes \$3.47 in sales tax.
21. Check #10610 dated 6/14/10 to Citgo Petroleum for \$963.76 – Supporting documentation includes \$113.43 in late fees and \$13.64 in interest charges.
22. Check #4798 dated 7/12/10 to Mike Howard for \$330.45 – Supporting receipt includes \$7.89 in sales tax.
23. Check #10626 dated 7/13/10 to Gary Gazzillo for \$10.56 – Supporting receipt includes \$0.65 in sales tax.
24. Check #10631 dated 7/13/10 to Citgo Petroleum for \$811.50 – Supporting documentation includes \$144.65 in late fees and \$16.63 in interest charges.
25. Check #10633 dated 7/13/10 to Kenneth Rudzki for \$63.89 – Supporting receipt includes \$3.90 in sales tax.
26. Check #4799 dated 7/14/10 to Gary Diamond for \$27.93 – Supporting receipt includes \$1.95 in sales tax.
27. Check #4801 dated 8/18/10 to Shaun Hall for \$21.49 – Supporting receipt includes \$1.50 in sales tax.
28. Check #4807 dated 8/19/10 to Ryan Vallina for \$14.73 – Supporting receipt includes \$0.46 in sales tax.
29. Check #4808 dated 8/26/10 to Mike Howard for \$66.51 – Supporting receipt includes \$3.77 in sales tax.

Recommendations:

1. In fifteen (15) instances the Department paid sales tax totaling \$56.04. The Department should have a letter exempting them from paying sales tax and should take advantage of that exemption. An after the fact remedy for this would be for the Department to reimburse MSBU funds from non-MSBU funds.
2. In five (7) instances no supporting documentation was provided to support expenditures totaling \$755.84. Any expenditure of public money should be supported by documentation. An after the fact remedy for this would be for the Department to reimburse MSBU funds from non-MSBU funds.
3. In two (2) instances payments were made to DirecTV in amounts of \$800.00 and \$500.00, respectively. A notation on one invoice indicated the payment was for 6 months, in advance. There was no indication this advance payment was required or requested by DirecTV. Payments should not be made for goods and services in advance.
4. In six (6) instances payments to Citgo Petroleum were late. These late payments resulted in late fees totaling \$557.84 and interest charges totaling \$67.48. The Department should be able to process the payment of invoices in a more timely manner and not have to incur these additional costs. These costs should not be borne by the citizens of the County through MSBU funds. The Department should reimburse the MSBU funds from non-MSBU funds.
5. During the review it was noted that the Department comingles MSBU and non-MSBU funds in their money market and operating checking accounts. Separate accounts should be established to segregate public (MSBU) and private (non-MSBU) funds. Public funds would include payments from the County from MSBU funds, interest earned on MSBU funds and reimbursement from insurance or grants for losses or expenditures using MSBU funds.

Follow-up on prior year recommendations:

Discussions with the Department indicate there has been no effort made to follow any of the prior year recommendations nor any other effort to make good the inappropriate or unsupported expenditures identified in the prior year report.

I would now recommend that the County reduce the next payment of MSBU funds to the Department by the \$419.30 identified in the prior year report.

Prior Year Recommendations:

1. In ten (10) instances the Department paid sales tax totaling \$27.60. In nine (9) of these instances it was when reimbursing members for expenditures. The other instance was a payment to Navarre Lumber. The Department should have a letter exempting them from paying sales tax and should take advantage of that exemption. An after the fact remedy for this would be for the Department to reimburse MSBU funds from non-MSBU funds.

2. In five (5) instances no supporting documentation was provided to support expenditures. Any expenditure of public money should be supported by documentation. An after the fact remedy for this would be for the Department to reimburse MSBU funds from non-MSBU funds.
3. In one (1) instance the supporting documentation provided was faded and unreadable. This is equivalent to no supporting documentation. An after the fact remedy for this would be for the Department to reimburse MSBU funds from non-MSBU funds.
4. In one (1) instance the supporting documentation provided did not agree with the payment made. Any reasons for differences between the supporting documentation and what is paid should be notated on the supporting documentation at the time of payment. An after the fact remedy for this would be for the Department to reimburse MSBU funds from non-MSBU funds.